

**STATE OF CALIFORNIA
EMPLOYMENT TRAINING PANEL MEETING**

Hilton Hotel Harbor Island
Marina Ballroom
1960 Harbor Island Drive
San Diego, California 92101
March 22, 2001

PANEL MEMBERS

Marsha Kwalwasser
Acting Chairperson

David Brown
Member

Aram Hodess
Member

Robert Holstein
Member

Robert Lennox
Member

Patricia Murphy
Member

Tom Rankin
Member

Executive Staff

Ada Carrillo
Acting Assistant Director

Peter G. DeMauro
General Counsel

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I. CALL TO ORDER

Ms. Kwalwasser, Acting Chairperson, called the public Panel meeting to order at 8:37 a.m.

II. ROLL CALL

Members Present

Marsha Kwalwasser, Acting Chairperson
David Brown
Aram Hodess
Robert Lennox
Patricia Murphy
Tom Rankin

Member Absent

Robert Holstein

Executive Staff Present

Ada Carrillo, Acting Assistant Director
Peter DeMauro, General Counsel

III. APPROVAL OF AGENDA

Ms. Kwalwasser asked for an approval of the agenda eliminating the issue concerning the delegation of authority noting that members of the Panel had indicated that they did not want to delegate future authority to an Executive Director who has not yet been appointed.

ACTION: Robert Lennox moved and David Brown seconded the Panel approve the Agenda per Ms. Kwalwasser's recommendation.

Motion carried, 6 – 0.

IV. APPROVAL OF MINUTES

Ms. Kwalwasser thanked the staff for the quality work on the material scheduled to be presented at the March meeting.

ACTION: Patricia Murphy moved and David Brown seconded the Panel approve the minutes of December 13-14, 2000, as written.

Motion carried, 6 – 0.

V. REPORTS OF THE PANEL MEMBERS

Each Panel member introduced himself/herself and gave a brief biographical statement.

VI. REPORT OF THE GENERAL COUNSEL

Mr. DeMauro stated he is currently performing the duties of the Executive Director and requested, for the continuity of business between Panel meetings, the Panel consider a motion that would delegate to him, until an Executive Director is appointed, the authority to approve agreements that do not exceed \$100,000, to fund training projects, interagency agreements, marketing agreements, and amendments to existing agreements. Statute gives the Executive Director the authority to approve agreements less than \$100,000. Mr. DeMauro explained that the Governor's office, Department of Industrial Relations Director, and the Director of EDD are comfortable with the motion. He also asked that he be delegated the authority to approve any legal settlements for less than \$100,000. This would also include finalizing the approved agreements that are less than \$500,000. This motion would be with the explicit understanding that any of these items could be brought back to the Panel for consideration. Also, a report will be provided to the Panel monthly showing action taken on any item.

Ms. Kwalwasser stated that there were several Agreements or Amendments on this month's agenda under \$100,000 on which the Panel may have questions, and asked how would these projects would be handled. Mr. DeMauro explained that those projects with concerns would be treated as Consent Items, but that the Panel would have the opportunity to question any particular item. Mr. DeMauro requested the Panel notify staff prior to a Panel meeting regarding concerns on any proposal in order to notify the contractor to be present to answer questions. Mr. Rankin stated it would be difficult to review projects and be able to notify staff of any concerns when they receive the Panel packet within days of the Panel meeting. He stated that ideally the Panel members should receive the packets two weeks before a Panel meeting, as there is a tremendous amount of information to review. He stated, provided the information is received timely, he would have no problem reviewing and indicating which projects be

taken off the Consent Calendar so that the contractor may be notified to be present to answer concerns.

ACTION: Mr. Lennox moved and Mr. Rankin seconded the motion the Panel delegate to Peter DeMauro, until an Executive Director is appointed, the authority to approve agreements that do not exceed \$100,000, to fund training projects, interagency agreements, marketing agreements, and amendments to existing agreements.

Motion carried, 6 – 0.

Mr. DeMauro requested delegation to approve any non-substantive, non-monetary amendments to a project, such as extensions for a full 24 months, to exchange and move job groups, changes in the curriculum, etc.

ACTION: Ms. Murphy moved and Mr. Rankin seconded the Panel approve delegating to Peter DeMauro the authority to approve non-substantive, non-monetary amendments as proposed.

Motion carried, 6 – 0.

VII. FUND STATUS

Ms. Carrillo stated for this fiscal year, \$75.8 million has been appropriated from the Employment Training Fund to the ETP, after transfers to other agencies. In addition to the appropriation from the fund, the Panel is also allowed to use disencumbrances, which are funds that had been encumbered in previously approved contracts but have not been earned. Total training funds available for this fiscal year is \$85.2 million.

Ms. Carrillo stated that due to prior disencumbrance concerns, the Legislature has set up specific requirements in the Budget Act as to what level of disencumbrances the Panel must meet. For this fiscal year, we cannot exceed a 25 percent disencumbrance rate. Mr. Brown asked how the Panel could ensure and enforce 25 percent disencumbrances for this fiscal year.

Ms. Carrillo stated that we have limited the amount of training hours the Panel will fund to 200 hours per trainee and also, several years ago, the Panel commenced an incremental encumbrance process. She explained that any contract over \$100,000 is incrementally encumbered which reduces the liability to the contractor as well as to the Panel.

To date, the Panel has approved \$61.5 million and because of the incremental encumbrance process, only encumbered \$37 million. That leaves the Panel \$48 million as an unencumbered balance. If all the projects are approved at the March Panel meeting, the balance will be \$39.6 million.

VIII. ANNUAL REPORT

Ms. Carrillo explained that the Panel is required to submit an annual report on the previous years activities to the Legislature by November 30 of each year; however, this year it was delayed pending appointment of the new Panel members.

Mike Rice summarized the information in the Annual Report on Panel actions and contracts completed in Fiscal Year 1999-2000 as follows: The Panel targeted business and industry with the most significant impact on California's economy, approving 223 training projects and encumbering \$76.2 million for the training and employment of approximately 56,000 workers at an average cost of \$1,291. Disencumbrances were reduced to 28 percent of regular program funds, exceeding the legislative goal of 30 percent and the Panel's historical rate of 40 percent. Staff continued automating the contracting process, refining on-line enrollments and invoicing, and simplifying record keeping requirements. In addition, last year's completed contract data showed continued emphasis on funding for training in high-skill, high-wage jobs, at a reasonable cost. Small business continued to be a high priority: 79 percent of businesses served in completed contracts were small employers, and 36 percent of all businesses served had 20 or fewer workers. Manufacturing and high technology continued to be a high priority, with 61 percent of all funds having been earned by businesses in those sectors.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the Annual Report.

Motion carried, 6 – 0.

IX. PUBLIC COMMENT

There were no members of the public who wished to comment.

X. TECHNOLOGY, TRADE & COMMERCE ASSOCIATION MARKETING AGREEMENT

Mr. Lundberg stated that the Marketing Unit is a small unit and they primarily do their marketing through contracts ETP has with external organizations. He presented two proposals: The Technology, Trade and Commerce Agency (TTCA) and the California Manufacturers and Technology Association (CMTA). He stated there are 13 projects on today's agenda that come from the marketing efforts of these agencies. TTCA is requesting a two-year extension of their present contract for an amount of \$788,868 to fund four marketing analysts to market ETP throughout the State. Targeted industries include apparel, space, entertainment/motion picture/multimedia, biotechnology/healthcare, agriculture, wood products, electronics/computers, distribution/transportation,

and internet/multimedia. The emphasis of the program is to assist ETP in marketing to companies that ETP's marketing efforts normally may not reach and to ensure maximum coordination of the State's economic development efforts. This also helps ETP reach areas of the State where there is high unemployment or rural areas that are sometimes underserved. TTCA will provide ETP with a minimum of 70 applications in the first year of this contract (55 to become contracts), with the number of applications for the second year to be negotiated after the first year is complete.

Mr. Lundberg introduced Ms. Joan Dean, Regional Director of the San Diego regional office. Ms. Dean stated that the California Technology, Trade, and Commerce Agency is the economic development vehicle for the State of California. Their main focus is to support the development of new technology while sustaining and nurturing the growth of small companies since they show great potential for future job creation.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the Marketing Agreement as proposed.

Motion carried, 6 – 0.

XI. CALIFORNIA MANUFACTURERS AND TECHNOLOGY ASSOCIATION MARKETING AGREEMENT

Mr. Lundberg introduced the California Manufacturers & Technology Association (CMTA) as the oldest and largest association of manufacturing companies representing close to 70 percent of California's industrial workforce. CMTA is requesting a two-year extension to their current contract for an additional amount of \$510,000.

Mr. Lundberg introduced Mr. Brian McMahon, President. Mr. McMahon described their success in working with very small companies that have a very good awareness of the Employment Training Panel but who do not have the expertise or the resources to submit an application to the Panel.

ACTION: Mr. Rankin moved and Mr. Hodess seconded the Panel approve the Marketing Agreement as proposed.

Motion carried, 6 – 0.

Mr. DeMauro announced the April Panel Meeting is tentatively scheduled for all day Thursday, April 26, 2001, for the presentation of projects, and one-half day on Friday, April 27, 2001, for a Panel Study Session. The meeting will be held in Sacramento.

XII. PANEL ORIENTATION

Mr. DeMauro gave a brief history and overview of the Panel stating that this new, bold training program was implemented in a time of high unemployment and very high inflation. Layoffs were occurring daily at astounding rates. The question was, "can we do more with unemployment insurance money than just pay unemployment insurance claims?" What has made this training so unique is that it is performance based contracting. Money allocated to employers with an ETP contract can only be earned by the company if the employee (retrainee) is retained on the job for a required length of time, or the new hire finds a job and is retained on the job for 90 days. ETP has funded over 300,000 trainees, and has expended over a billion dollars. The purpose of the Panel was to foster the creation of high-wage, high-skilled secure jobs for the retention of such jobs in manufacturing and other industries threatened by out-of-state competition.

The basic focus, other than performance based contracting, was to support a training program that would provide California business with a skilled work force. It was aimed primarily at an industrial based business enterprise or manufacturer focusing on the frontline worker in those businesses.

Basically, frontline worker means an individual who is not exempt from overtime under state or federal law, providing he or she directly produces or delivers goods and services. Employers who participate in this program have to contribute to the Unemployment Insurance Fund.

A problem the Panel has been confronted with is that of the multiple employer contract, which encompasses training agencies and groups of employers who train for employers who send their trainees either to a school or to a consortia training site to receive training. Results of a study conducted by the University of California at Northridge indicated that training that is not customized but is instead considered generic does not result in any measurable impact on the company itself. The trainee may obtain some skills, but the skills are not necessarily tied to any increase in production.

The Panel adopted a Multiple Employer Contract policy stating that the contractor must show that there is a demand in that area for that occupation targeted for training, and that the training is truly customized. Additionally, the statute clearly states that the training money the Panel provides cannot duplicate, supplement, parallel, or displace an existing apprenticeship program.

Mr. DeMauro stated that the Panel's mission is to approve Panel projects and to make sure projects conform to the statute. The Panel must consider the following funding priorities: stimulating export and imports, training employees of businesses that are moving or expanding into the state, supporting businesses moving to a high-performance workplace, training displaced and potentially displaced workers, projects being developed by managers and workers, developing career ladders for workers, and promoting the State's manufacturing workforce.

Ms. Carrillo stated in the last few months the Panel has expanded the definition of allowable training delivery methods and has added Technology-Based Training, which includes Computer-Base Training and Video Conferencing.

The reimbursement methods were based on a budget until 1990, but since then, 95 percent of the contracts have been based on a flat fixed fee rate per hour. The rate for classroom or video conferencing is \$13 per training hour per retrainee. In order to ensure the delivery of the training is effective, the contractors must limit the number of trainees in a training class to 20. The total \$260 per training hour (\$13 x 20) includes the training as well as the administration cost, which is capped for retrainees at 15 percent and for new hires at 25 percent.

ETP now has initiated an advanced technology training rate of \$20 per hour. This rate applies to very advanced technology training on sophisticated equipment that requires a small trainer/trainee ratio and very intense training. For Structured On-Site Training and Computer-Based Training the reimbursement rate is \$8 per hour per trainee.

The Panel has been encouraging small businesses to contract with ETP. As an incentive, the Panel has offered a training rate of \$20 per training hour for those small businesses that have fewer than 100 employees if they are trained on-site.

Mr. DeMauro introduced Susan Bobrow, ETP Assistant General Counsel. Ms. Bobrow spoke to the Panel concerning conflict of interest. She stated that she would be available during the Panel meeting breaks and in the legal office in the days following the meeting to answer any questions. She is a former attorney with the FPPC and stated that the FPPC has a unit available to answer questions asked by public officials or their representatives. Panel members should feel free to call them for assistance.

Ms. Bobrow stated the basic rule is that public officials are prohibited from making, participating in making, or using official position to influence a governmental decision in whether they know or have reason to know that they have a financial interest.

Ms. Bobrow stated there are six areas of financial interest:

1. Business investments. Public officials have a financial interest in their business investments. However, there are numerous exceptions and exclusions from what are considered to be investments. For instance, an investment in a diversified mutual fund registered with the SEC is excluded. You don't have to report it on your annual reporting forms, and you need not be concerned with that investment in terms of conflict of interest. Shares in a credit union are excluded from the definition of investments. There is a list of exclusions on the instructions for completing the annual reporting forms already sent to Panel members.
2. A position of management or employment. A Panel member who sits on the board of a business entity would have financial interest in that entity even if

he/she did not receive a salary. If there is compensation, obviously there is a financial interest. Sitting on the board of a non-profit, may mean there is a financial interest in that non-profit depending on whether or not it is a 501(C)(3). Since these are complicated questions, Panel members are encouraged to contact the ETP Legal Office for guidance.

3. A source of income of \$500 or more, in the 12 months preceding any governmental decision is a financial interest. Again, there are exceptions, however.
4. A donor of a gift, if the gift from a single source totals \$320 or more in the 12 months prior to making a governmental decision, may be a financial interest. A gift of \$50 or more must be reported but there is no need to disqualify from making a decision unless the threshold of the \$320 is met.
5. Real property in which the public official's investment amounts to \$2,000 or more may be a financial interest.

On those five categories, the concern is the effect of a Panel decision on the official's financial interest, i.e., the source of the income or the investment. The last one, number 6, is the effect on the official or his/her immediate family including dependent children. It does not include adult children who are not otherwise financial interests. If there is any financial effect at all on you, your spouse or your immediate family, you must consider you may have a financial interest at stake.

Once it is determined that there is a financial interest, the next question is whether the Panel decision is one that directly or indirectly involves that interest. Ms. Bobrow asked the Panel to get advice from Mr. DeMauro or herself, but for all intents and purposes, because ETP is an agency that contracts directly, Panel members can consider that the decision is one that is directly involved. There are occasions, however, where there is an indirect involvement, and Ms. Bobrow will analyze that with Panel members who contact her.

What should a Panel member do if he/she thinks there may be a conflict of interest? If there is no time to call us, the Legal Office urges erring on the side of caution. If you think you have a conflict of interest, it's a good idea to recuse yourself. You must recuse yourself from discussion as well as from voting. If a contract comes forward and you feel that you have something to say in discussion but you might have a conflict in terms of that agreement, please do not participate.

There are other obligations in addition to disqualification from participation or voting when conflict of interest may be an issue. Returning Panel members must report financial interests yearly to the Fair Political Practices Commission, and the new members have to file assuming office statements. Since our Panel has all been reappointed, the FPPC has made a determination that, in effect, you are all new members and you must file an assuming office statement, which means you should

check the box on the cover page that says assuming office statement and follow the instructions, and you should be fine.

Ms. Bobrow stated that the deadline for the assuming office statement is 30 days subsequent to when Panel members took the oath of office.

Ms. Bobrow reminded the Panel that the new members have received a copy of the ethics videotape and that California law requires that you watch this videotape and that you certify that you have watched it.

The Panel also has another obligation in submitting a monthly Report of Contacts. If there are contacts with persons interested in bringing projects to the Panel, make sure that those contacts are noted on Report of Contacts form. Those forms are mailed to Panel members each month and they should be returned to us monthly.

Ms. Bobrow also stated that the administrative fine for a violation of the Conflict of Interest Law in the Political Reform Act has been raised to \$5,000 maximum. It doesn't mean that every violation receives a \$5,000 fine, but Panel members are cautioned that a violation, even if inadvertent, can result in a heavy penalty. Also, a violation is a misdemeanor.

XIII. PUBLIC COMMENT

There were no members of the public who wished to comment.

XIV. AGREEMENTS AND AMENDMENTS

Ameron International, Pole Products Division

Ron Tagami, manager of ETP's North Hollywood field office, presented a second One-Step Agreement for Ameron International, Pole Products Division, in the amount of \$127,040. Ameron manufactures products and materials for the industrial, chemical, oil, and construction markets. This project proposes to train 115 employees from its facilities located in Fillmore, Oakland, South Gate and the division's headquarters in Ventura in Continuous Improvement, Management Skills, Computer Skills, Customer Service and Literacy Skills.

The Paper, Allied-Industrial, Chemical & Energy Workers International Union (PACE) AFL-CIO, Region IX and the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers, and Helpers, Local #6 support this proposal.

Company representatives have certified that in addition to funds from ETP, they project to have training related expenses totaling \$45,000. Wages to be paid to workers while in training will total \$126,000. Additionally, the Contractor states that

the total training expenditures for the two years following ETP training are projected to be approximately \$80,000.

Mr. Tagami introduced Bob Wilkinson, President, and Susan McLain, Manager, Quality Systems, of Ameron International; and Rupert Lucas, President of PACE, Local 8-976.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 6 – 0.

Herman Miller Workplace Resource, Incorporated

Mr. Tagami presented a One-Step Agreement for Herman Miller Workplace Resource, Incorporated, located in La Mirada with facilities in Irvine, Woodland Hills, and Los Angeles, in the amount of \$223,844. Herman Miller Workplace Resource manufactures and distributes new furniture and offers services in asset and inventory management, warehousing, recycling office systems and project management (installation planning). The company recently purchased and installed updated computer systems and software to improve the design of its products, increase sales, increase customer satisfaction, and reduce manufacturing costs due to production errors. As a result of a company-wide training needs assessment, the company is requesting ETP funding to retrain 200 employees in Continuous Improvement, Computer, Manufacturing and Business Skills.

Mr. Tagami introduced Sean Quinn, Chief Financial Officer. Mr. Quinn explained in response to a question by Mr. Hodess that workers who are taken off the production line for training would not be replaced. Mr. Rankin questioned the wage rate and if health benefits were included. Mr. Quinn stated the minimum starting base wage is \$7 per hour. The employees do receive health benefits, and trainees would advance to other organizational levels.

ACTION: Ms. Murphy moved and Mr. Hodess seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 6 – 0.

Ingram Micro, Incorporated

Mr. Tagami presented a second One-Step Agreement for Ingram Micro, Incorporated, a wholesale distributor of technology products, programs, and services, in the amount of \$323,720. The Technology, Trade, and Commerce Agency brought this project to the Panel.

The company is implementing a new warehouse management system in its distribution and returns operation. This change will affect 440 frontline workers who need computer skills training. In addition, the company is requesting to retrain 64 management staff in computer skills and management training.

Mr. Tagami introduced Frank Gill, Senior Director of Operations, and Porter Daniels, Team Leader. Mr. Daniels pointed out that the technology distribution industry is one that is marked by tremendous competition. To continue to be successful and remain competitive, the Company must continuously strive to increase efficiency, increase productivity and quality, and continue to maintain its ability to effectively resolve business issues. The training proposed will enable operations to not only remain competitive but also to continue as a recognized leader in the industry. The Company is making a significant in-kind contribution. The amount of wages to be paid during training is in excess of \$215,000 and lost production time is estimated to cost nearly \$366,000. Mr. Daniel stated the production workers would not be replaced during training.

ACTION: Mr. Brown moved and Mr. Lennox seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 6 – 0.

La Opinion

Mr. Tagami announced the Amendment for La Opinion has been withdrawn from consideration at this month's Panel meeting.

NCR Corporation

Mr. Tagami presented a One-Step Agreement for NCR in the amount of \$302,000 to train 600 retrainees in Computer Skills, Continuous Improvement, and Business Skills. NCR operates in the information technology industry, which includes designing, developing, supporting, and marketing technology and business solutions worldwide. To respond to customer demands, the company is moving from a computer hardware and product company to technology solutions and service provider. The success of this transformation requires that frontline workers be able to solve problems with minimal management interaction.

Mr. Tagami introduced Elizabeth Nachman, Director of Training, and Jim Bauman, Learning Director.

Ms. Nachman stated that the associates that will be trained with this proposal are primarily software engineers. The training is supplemental and NCR will spend approximately \$839,040 as an in-kind contribution in the training of these engineers, which involves extensive and specialized technical training.

ACTION: Ms. Murphy moved and Mr. Lennox seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 6 – 0.

Raytheon Company

Mr. Tagami presented a One-Step Agreement proposal for Raytheon Company in the amount of \$333,346 to train 487 retrainees in Computer Skills and Continuous Improvement. The California Workers Assistance Program brought this project to the Panel. The Company employs about 13,500 employees in California with facilities located in El Segundo, San Diego, Long Beach, Fullerton, Santa Barbara/Goleta. Raytheon is diversifying its products and services and developing new customized systems for its customers. In addition, Company representatives state that in order for Raytheon to remain competitive and proficient in its industry and to reach its goal of becoming a high performance workplace, it must formalize the training methods for the engineering staff.

Mr. Tagami introduced Edward Munoz, Regional Director. Mr. Munoz stated that Raytheon is an electronics firm with an interest in software, which is entering into this contract on a pilot basis for software engineering training and continuous improvement.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 6 – 0.

Unified Western Grocers, Incorporated

Mr. Tagami presented a second One-Step Agreement for Unified Western Grocers, a grocery cooperative that purchases, manufactures, warehouses, and distributes bakery products to local and regional grocery chains and independent markets, in the amount of \$659,080 to train 835 employees in Continuous Improvement, Computer Skills, Business Skills, and Manufacturing Skills. The company is in the process of implementing a new, integrated Retail Information System, and is proposing to implement process improvement teams, which requires retraining its workforce. Seven collective bargaining units representing workers from 11 facilities throughout California support the project.

Mr. Tagami introduced Don Gilpin, Vice President, Human Resources; Marsha Miller, Director, Training and Development; and Paul Kenny, Coordinator, Divisional Representative, Teamsters Local Union No. 630.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0 – 1 (Mr. Lennox abstained from the vote).

Asyst Technologies, Incorporated

Creighton Chan, manager of ETP's San Mateo field office, presented a One-Step Agreement for Asyst Technologies, Incorporated in the amount of \$962,087 to retrain 959 employees. Asyst Technologies headquartered in Fremont, California, has become a single-source provider for fully automated and integrated manufacturing systems for semiconductor manufacturers. This project was brought to the Panel through the efforts of the California Workers Assistance Program. Asyst must improve its product line by converting to a high-performance workplace.

Mr. Chan introduced Deborah Partridge, Vice President of Human Resources. Mr. Hodess asked to have "Kaizen events" defined. Ms. Partridge explained it is the process where a group of workers are assigned a particular goal that needs to be achieved in a short period of time and this "team" works towards achieving that goal. Ms. Kwalwasser questioned the range of hourly wages and if EUniversity.com is a web-based learning type of institution. Ms. Partridge described the wide range of wages in the Silicon Valley. She stated wages tend to be extremely high and very competitive. She added many enrollees are engineers making anywhere from \$80,000-\$120,000 a year. Ms. Partridge described EUniversity.com as an outside partnership for on-line learning.

ACTION: Mr. Brown moved and Ms. Murphy seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 6 – 0.

Imatron, Incorporated

Mr. Chan presented a One-Step Agreement for Imatron, Inc. in the amount of \$462,444 to retrain 175 employees. Imatron is a publicly traded, technology-based firm which designs, manufactures, and markets a state-of-the-art Electron Beam Tomography scanner, a full body scanner. After primarily operating as a research and development firm, the Company must rapidly develop into a major manufacturer of expensive equipment that meets the highest quality compliance standards required in medical device production. Imatron must become a high performance workplace and develop the skills of its workforce in state-of-the-art technologies.

Mr. Chan introduced Harold Rich, Director of Human Resources at Imatron, and Bill Parker, President of National Training Systems, Inc.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 6– 0.

Kraft Foods, Incorporated, San Leandro Plant

Ms. Kwalwasser recused herself from discussion and action on the Kraft Foods proposal. The gavel was turned over to Mr. Hodess to preside. Mr. DeMauro announced that he, too, had recused himself from any review or discussion regarding any Kraft Foods, Incorporated proposals.

Mr. Chan presented a One-Step Agreement for Kraft Foods, Incorporated, San Leandro Plant in the amount of \$142,926 to retrain 195 employees. Kraft Foods, Inc. is the largest packaged food company in the United States and Canada. Its San Leandro plant manufactures and ships over 83 million pounds of coffee annually. In addition, the plant produces 33 million pounds of Jell-O brand products. The Company must rely on its front-line workers and all production, sanitation, maintenance, accounting and lead staff to achieve improvements in process, quality, and productivity. Each team member and lead must understand the business and customer requirements of the current marketplace and obtain the necessary decision-making and problem-solving skills to work together in a team environment that crosses occupations and departments. The Teamsters Local 78 supports the proposed training.

Mr. Chan introduced Fannie Picou, Plant Manager at Kraft Foods; Dave Varela, Teamsters Local No. 78 Business Representative; and Scott King, Kraft Foods' H.R. Manager. Mr. Rankin questioned the lack of performance on a previous ETP Agreement with the Modesto facility and whether Myers Organization Development and Consulting assisted with that project also. Ms. Picou stated she had no knowledge of that project, as each individual facility is a completely separate operation.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0 – 1 (Ms. Kwalwasser abstained from discussion and vote).

Ms. Kwalwasser reassumed her authority as chairperson.

Aetna, Incorporated

Diana Torres, manager of ETP's San Diego field office, presented a One-Step Agreement for Aetna, Incorporated, in the amount of \$3,275,038. Aetna, Inc. was founded as one of the nation's first life insurance companies. Aetna is now focused solely on health insurance and provides a full spectrum of benefits. Headquartered in Hartford, Connecticut, Aetna operates five service centers in California in San Diego, Los Angeles, Fresno, Simi Valley, and Stockton where the training will be focused to retrain 1,308 employees. Aetna, Inc. will invest approximately \$5.6 million in training-related expenses for this proposed training and \$4 million for wages paid to trainees

during the ETP training. Aetna is requesting a waiver to the turnover rate. Company representatives stated that the turnover rate in 1998 was approximately 29 percent and rose to 31 percent in 1999 as a result of voluntary quits due to an acquisition of the Prudential health insurance division. The Company was successful in decreasing the turnover rate to 25 percent by the year 2000. Company representatives state that a 25 percent turnover rate is below the industry standards. Turnover rate language is inserted in the Agreement to state that the Contractor will earn the final 25 percent progress payment for each trainee only if it achieves an average turnover rate of 25 percent or less for the last 12 months of the Agreement.

Ms. Torres introduced David Fares, Head, West Region Learning, Performance and Quality. Mr. Rankin stated his concern regarding the high turnover rate and requested reducing the turnover rate to 20 percent. Mr. Fares replied that a 20 percent turnover rate would be extremely difficult to obtain in this industry. Mr. Fares stated the customer service jobs in this profession are very high-stress positions. He noted that the standard average turnover rate range for customer service in this industry ranges from 31 percent to 100 percent. Mr. Fares stated he is confident Aetna could maintain a 25 percent turnover rate.

ACTION: Ms. Murphy moved and Mr. Brown seconded the Panel approve the Amendment.

Motion carried, 5 – 0 – 1 (Mr. Rankin abstained from the vote).

Esterline Armtec

Ms. Torres presented a One-Step Agreement for Esterline Armtec in the amount of \$354,620. Armtec is a manufacturer of combustible products. Fundamental changes in the combustible ordnance industry require the Company change its business practices to remain competitive by upgrading manufacturing operations to make required product changes. Through ETP-funded training, 309 employees will be provided skills in using the quality improvement process to reach new productivity goals across the organization. Esterline Armtec's investment in training and training-related costs not covered by ETP funds will be approximately \$260,000. Wages of employees paid during training will total approximately \$348,500.

Ms. Torres introduced Gene Sneed, Director, Human Resources, and Steven Broyles, Quality Assurance Manager. Mr. Brown asked Mr. Sneed to explain the in-kind contribution of over \$600,000. Mr. Sneed explained the two parts that comprise the total amount of approximately \$608,500 are comprised of wages to be paid to employees while in training and funds Esterline has budgeted for training and related expenses. Ms. Kwalwasser asked what part of Esterline's business is done in California. Mr. Sneed replied that 100 percent of the business is done in Coachella. The Company manufactures combustible cases (tank artillery shells/cartridges) for the military.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the One Step Agreement.

Motion carried, 6 – 0.

XV. PUBLIC COMMENT

There were no members of the public who wished to comment.

XVI. AGREEMENTS AND AMENDMENTS, CONTINUED

Watson Laboratories, Incorporated

Ms. Torres presented a One-Step Agreement for Watson Laboratories, Incorporated, in the amount of \$201,812 to train 213 operators, inspectors, analysts and frontline workers in Manufacturing and Continuous Improvement Skills. Watson Laboratories, located in Corona, California, manufactures and markets branded and off-patent pharmaceutical products. This is Watson's second proposal for ETP funding. Watson Laboratories is committed to investing funds for training employees to improve their skills and performance, and projects the Company will invest an additional \$523,000 in skills training following completion of this ETP project.

Ms. Torres introduced Brian Jones, General Manager. Mr. Rankin asked what the ETP minimum wage is in the Corona area. Ms. Torres reported the minimum wage to be \$10.58 per hour. Mr. Rankin asked how many workers are making the \$10.62 per hour wage. Mr. Jones stated that is the wage paid to the hourly production operators that have been working on the line for less than 12 months or approximately 10–20 percent of the operators. Trainees will be receiving incremental increases with performance reviews.

ACTION: Ms. Murphy moved and Mr. Lennox seconded the Panel approve the Amendment.

Motion carried, 6 – 0.

iMotors.com, Incorporated

Mr. Rufo announced that iMotors.com, Incorporated, has been withdrawn from consideration at this month's Panel meeting.

Knauf Fiber Glass GmbH

Mr. Rufo presented a One-Step Agreement for Foundation for Knauf Fiber Glass GmbH for retraining 130 employees in Manufacturing and Continuous Skills in the

amount of \$392,680. The California Manufacturers Technology Association brought this project to the Panel. Knauf manufactures a diversified line of fiberglass insulation products. Knauf Fiber Glass estimated training and training related costs not covered by ETP funds would be approximately \$700,000. Knauf is requesting a waiver to the 200-hour limit on training hours for Jobs 1, 4, 5, and 6. Knauf will be opening a new facility in Shasta Lake, California, and all new employees will require training for the new state-of-the-art equipment and manufacturing processes. Knauf will underwrite approximately 7,600 hours of additional training. Company representatives state that three out-of-state training vendors and equipment manufacturers are unique to the operation and maintenance of the new state-of-the-art equipment. Because there is no one available in California who can deliver this training, Knauf is requesting approval for out-of-state vendors.

Mr. Rufo introduced John Sobol, Director of Operations, Brad Bush, Process Manager, and Matt Maynard from CMTA. Mr. DeMauro stated a point of information to the Panel regarding the 200-hour limit. Previous Panel members, after reviewing statistics, found that by limiting the training to 200 hours, there was a much greater assurance of an employer being able to complete the training for those workers taken off the production line to attend training classes. Mr. Sobol explained that the Shasta Lake facility is a new facility that will open in June 2001 and the training will take place, for the most part, before full operation begins.

ACTION: Mr. Brown moved and Mr. Lennox seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 6 – 0.

Kraft Foods, Incorporated, Tulare

Ms. Kwalwasser recused herself from discussion and action on this and any other Kraft Foods proposal. The gavel was turned over to Mr. Hodess to preside. Mr. DeMauro announced that he, too, had recused himself from any review or discussion regarding any Kraft Foods, Incorporated, proposals.

Mr. Rufo presented a One-Step Agreement for Kraft Foods, Incorporated, Tulare, in the amount of \$134,610. This project was referred to the Panel by the Technology, Trade and Commerce Agency. This is the second proposal from this facility and this Agreement proposes to retrain 121 employees in Continuous Improvement. The Tulare Kraft Foods facility produces a high volume of Parmesan cheese, whey powder, and co-products. Employment Development Department figures list Tulare County as having an unemployment rate of 15.8 percent, which is substantially more than 50 percent above the statewide unemployment rate of 5 percent. Kraft estimates training and training-related costs not covered by ETP funds will be \$150,000, and wages of trainees during training will be \$438,030.

Mr. Rufo introduced Debbie Vlotho, Human Resources Manager. Mr. Brown voiced interest in what economic impact Kraft Foods has in California in relation to using California dairy products. Ms. Vlotho stated 100 percent of their raw products come from California dairies. She stated 3,000,000 pounds of milk per day is processed. Mr. Brown questioned the lack of performance on two other contracts for other locations. Ms. Vlotho explained each facility operates independently; therefore, she could not speak specifically on their operations.

ACTION: Mr. Rankin moved and Ms. Murphy seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0 – 1 (Ms. Kwalwasser abstained from discussion and vote).

Ms. Kwalwasser reassumed her authority as acting chairperson.

TeleTech Customer Care Management (CA), Incorporated

Mr. Rufo presented a One-Step Agreement for TeleTech Customer Care Management (CA), Incorporated, in the amount of \$2,730,000 to retrain 700 employees in Business Skills. This project was referred to the Panel by the Technology, Trade and Commerce Agency. TeleTech provides long-term electronic communication and data-management support for the client organization's on-going services to individual customers worldwide. Officials of TeleTech estimate training and training-related expenses not covered by ETP funds will be \$1,255,000 and wages of trainees paid during training will be \$4,050,000. This Agreement will affect workers in San Joaquin County, which has an unemployment rate of 8.7 percent, exceeding the State average by at least 50 percent. The City of Stockton, where this facility is located, has an unemployment rate of 10.2 percent. TeleTech is requesting a waiver to the 200-hour training limit based on the comprehensive training plan required for TeleTech's new Stockton facility to reach full capacity.

Mr. Rufo introduced Christine Haslam, Director of State and Local Taxation. Mr. Brown questioned the turnover rate for TeleTech. Ms. Haslam replied that the Stockton facility is new and there are no statistics at this date that would enable her to answer or predict. Mr. Rankin asked what the base hourly wage is before health benefits are included. Ms. Haslam stated the customer care representatives make from \$10 to \$12 per hour.

ACTION: Mr. Lennox moved and Ms. Murphy seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 6 – 0.

WESGO, A Division of Morgan Advanced Ceramics, Incorporated

Mr. Rufo presented an Amendment for WESGO, A Division of Morgan Advanced Ceramics, Incorporated, increasing the original Agreement, which was approved in December 1999, by \$58,970. Following a skills evaluation on trainees, WESGO found that its computer systems data collection process and accuracy of the data were inadequate. To be able to accurately track, monitor, and react to supply orders, WESGO is replacing its Information Technology (IT) system with a new, PC based, internet accessible system. Because WESGO is going to the new IT system, the Company has identified 54 additional trainees who need to participate in the proposed training.

Robert Maxwell, Quality Manager of WESGO was not present. Mr. Hodess stated the amount of wages to be paid to trainees during training of only \$35,000 does not compute out to what their hourly wages would be. He asked if trainees are being required to attend training on their own time. Mr. Rufo stated he believed that figure might possibly be a miscalculation. Mr. Brown asked for clarification on the request for additional training. Mr. Rufo explained additional training is necessary due to computer hardware problems the Company encountered during the original training plan.

Mr. Brown suggested since there was no WESGO representative present to answer concerns, this Amendment request be held over to the next Panel meeting, which is scheduled for April. There was no objection, and the Amendment will be on the April agenda.

Mr. DeMauro stated the next group of proposals for Panel consideration is multiple employer contracts (MEC). He explained the MEC policy that was adopted by the Panel last year and noted the new MEC criteria.

California Career School

Mr. Tagami presented an Amendment to the California Career School Agreement. The Contractor is proposing to add 120 individuals currently collecting unemployment insurance to be trained as truck drivers for an additional amount of \$459,600. The Contractor's representative states this request is on behalf of the Teamsters, Local 63, and its transportation industry employer members who have expressed their critical need for truck drivers.

Mr. Tagami introduced Chuck Emanuele, President. Mr. Emanuel introduced three representatives from the Teamsters Union. Mr. Hodess expressed his concern about the critical demand for truck drivers, but noted the trucking companies themselves are not taking the responsibility for training drivers. He also voiced his disapproval of the waiver of hours because it requires so many hours for these drivers to qualify as long haul drivers thus substantially increasing the cost of ETP training. He noted that there was no in-kind contribution whatsoever from any of the participating employers and

stated he would not approve any future multiple employer contract without an in-kind contribution. Mr. Emanuele stated that the individual trucking companies do provide equipment for the training. Mr. Emanuele also explained that the average trucking company spends an additional \$6,000 to \$7,000 for continued training for a driver after he or she is employed. Mr. Brown stated he would like to see the in-kind contributions shown. He questioned if there is a federal requirement for the number of training hours that a driver must complete to receive an ICC certificate. Mr. Emanuele stated there was no requirement at this time, although several states have proposals in legislation. Mr. Brown asked about the turnover rate. Mr. Emanuele stated there is no significant turnover rate within the industry. Ms. Carrillo announced that staff will be conducting a study on the trucking industry on projects funded in the past regarding the turnover rate and wage issues. Ms. Carrillo also reported that the question of in-kind contributions has been an issue in the past and staff will be bringing recommendations to the Panel for consideration.

Mr. Hodess requested that no future Amendments be made on this Contract without a showing of in-kind contributions. Mr. DeMauro stated that this issue would be deferred to a policy discussion.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the proposed Amendment.

Motion carried, 6 – 0.

Advance School of Driving, Incorporated

Ms. Torres presented a proposed Amendment for Advance School of Driving, Incorporated, in the amount of \$95,750 to train 25 additional individuals who are currently unemployed receiving unemployment insurance or who have exhausted their unemployment benefits within the last 24 months, or who have received a lay-off notice.

Ms. Torres stated that because the Amendment request is less than \$100,000, the Contractor was not requested to return to the Panel for presentation.

ACTION: Ms. Murphy moved and Mr. Lennox seconded the Panel approve the proposed Amendment.

Motion carried, 6 – 0.

American Truck School, LLC

Mr. Rufo presented an Amendment for American Truck School for an additional amount of \$337,500 to train 100 additional new hires and extend the term of the current Agreement by one year. The Contractor is requesting a waiver to the 200-

hour training limitation. School officials found concern among various participating employers regarding the current four-week training program consisting of 180 class/lab training hours. These employers indicated that students attending this training would not be accepted for employment unless they have prior related work experience. This is not an employment requirement for those trainees who receive the six-week training program consisting of 270 class/lab training hours. The laboratory training involves hands-on operation of trucks.

Mr. Rufo introduced Roger Smith, Co-Owner. Mr. Smith stated the trucking companies who hire trainees do provide additional on-the-job training with a driver trainer who is an employee of the company that is hiring that trainee. Mr. Rankin asked how a Company meets the minimum wage requirements when benefits do not start until after 90 days of employment. Mr. Smith stated the average wage paid to trainees during training is \$13.46 to \$14.42 per hour. Mr. Rankin questioned the \$7.83 per hour as listed. Mr. Smith replied that figure is the ETP minimum wage. Mr. Rankin stated that Contractors need to list the actual pay range that they paying their trainees and not the ETP minimum wage. Mr. Rankin asked staff to show the turnover rate of the companies the trainees are being place with. Mr. DeMauro asked Mr. Smith what minimum wage he would be willing to commit to. Mr. Smith replied he would be willing to commit to \$11 per hour without health benefits. Mr. Brown asked Mr. Smith if the School received any compensation from any other government funded training assistance program. Mr. Smith stated at one time they were able to get assistance through the private industry council, but funding sources have drastically changed. Mr. Lennox stated that it appears to him the wage structure the drivers are being placed at is far below the industry rates. Mr. Smith agreed that the wage range is low. He stated he was extremely conservative in presenting the wage structure. He stated the start-up wage for trainees upon completion of training is from \$13.46 to \$14.42 per hour with benefits added after 90 days. He stated the amount he would be committed to and he would put in writing is the agreed amount of \$11.00 per hour.

Mr. DeMauro suggested referring this project back to staff with regard to the clarification to the wage issue and information as to turn over rate. Mr. DeMauro asked that he work with staff for a more realistic wage range.

Ms. Kwalwasser announced there was a consensus of the Panel to refer this project back to staff.

Community Business School LLC

Charles Rufo, manager of ETP's Sacramento field office, presented a One-Step Agreement proposal for Community Business School LLC in the amount of \$283,500 to train 100 new hires in Business and Computer Skills. This training reflects the increasing demand among Modesto-area employers for individuals who can provide in-house information-technology support. A majority of the participating core employers are small businesses with fewer than 50 employees. This Agreement will include workers in San Joaquin and Stanislaus counties, which are California counties that

exceed the State unemployment rate average by at least 50 percent and are considered high unemployment areas. Community Business School expects to incur approximately \$18,100 in additional costs as it recruits and screens prospective trainees, and for its on-going marketing efforts to obtain qualified participating employers. School officials state that the school provides extra hours of one-on-one or very small group instruction to those who need additional study and review completely at the School's expense of approximately \$8,200.

Mr. Rufo introduced Zane Shaeffer, Director, and Dan Guerra, Instructor. Mr. DeMauro reported that staff has worked with Community Business School for some time to assure the training was customized training and not generic. Mr. Hodess asked for a clarification on customizing the computer courses for multiple employers. Mr. DeMauro stated that staff is sending this project forward because these placements are in specialized occupations and suggested the ETP staff closely monitor. Mr. Guerra reported that a review was done with each participating employer asking them specifically what programs and computers they were using and what skills were needed. The training modules were designed for the specific needs of the participating employers. Ms. Kwalwasser was curious as to how this project differs from those presented in the past. Mr. Guerra explained the courses in the previous contracts were considered more generic. He stated the courses in this proposal are occupation specific. Ms. Carrillo stated that part of the reasoning in tightening the guidelines for new hires was that the Panel felt there were other funding sources for generic training, and ETP, with its limited amount of money, should not be funding generic training.

ACTION: Mr. Brown moved and Ms. Murphy seconded the Panel approve the proposed One-Step Agreement.

Motion carried, 6 – 0.

Mr. Rankin requested adding a category to the forms showing the number of California employees employed at companies with worldwide employees.

Foster Elite Truck Driving School

Mr. Rufo presented a One-Step Agreement for Foster Elite Truck Driving School in the amount of \$1,166,848 to train 330 new hires in truck driver training. All training will take place at the contractor's training facility. This Amendment is to add 330 new hires planned for either the 4-week program at 160 hours or the 6-week program at 240 hours. Foster Elite stated that graduates are provided employment that pays significantly higher than the ETP minimum wage per new hires of \$8.66 per hour. According to Foster Elite statistics, the average hourly wage of students graduating within the last six months and obtaining jobs is \$11.75 per hour with an increase after one year to \$13.00 per hour. The training in this proposal is supplemental and is not normally provided by the employers in the core group of participating employers. Employers rely on hiring graduates from various truck driving schools, including Foster Elite, which work closely

with employers to ensure that the training received at the school meets the needs of participating employers.

Staff requests that the Panel approve this One-Step Agreement and approve the request for exceeding the 200 hour training limit based on the need for training qualified commercial truck drivers.

Mr. Rufo introduced Mel Wurschmidt, Owner. Mr. Wurschmidt stated Foster Elite serves the North Valley area of the State of California, predominately Tehama, Glenn, Butte, Yuba, as well as coastal counties and mountainous counties on either side. The unemployment rate, depending on the county, is approximately 8.6 to over 15 percent, which is more than double the State's average rate. Mr. DeMauro commented on the prevalent hourly wage listed of \$11.75 per hour and questioned, of the 330 trainees anticipated to be retained, how many of that 330 are going to be at this higher wage and would Mr. Wurschmidt commit to that? Mr. Wurschmidt replied that he could, based on the results of their statistics that show that at least 60 percent of the trainees are making well above \$13 per hour. Ms. Kwalwasser asked if the School had statistics on the average wage of people who had gone through a similar non-ETP funded training program and what they are earning at this point. Mr. Wurschmidt stated Foster Elite has monitored all of the programs and the figures are the same whether ETP training or through other agencies. Mr. DeMauro recommended Foster Elite consider referring this proposal back to staff and bring back to the Panel with firm commitments at certain wage levels for placement; for example, so many at \$13 per hour, so many at \$15 per hour, etc. Mr. DeMauro stated his concern was, if the contract is written showing \$8.66 to \$20 per hour, it is conceivable that under the contract as it would be written, placements could all be made at the \$8.66 per hour.

Ms. Kwalwasser stated it would be helpful in multiple employer contracts for the trucking industry to know what the average size of trucking companies is in their area and who employs the trainees. She asked if there are any figures relating to the size of the industry, are these companies considered small business for purposes of our consideration. Mr. Wurschmidt explained he would have to put the trucking companies into two categories. He stated the companies whose employees drive locally are smaller companies who normally hire 15 or less trainees and at a lower wage range. Those companies whose drivers travel a wider area are classified as long haul drivers and employ larger number of drivers. Ms. Carrillo stated, for purposes of the definition of the size of business on the core group of employers that Foster Elite has provided, they are all large businesses.

Ms. Murphy stated the Panel has been approving similar contracts with the same kinds of issues and felt the Panel should not delay a contractor because the Panel has future issues to look at. She stated she would move to approve but in the future, for the multiple employer contracts, she would like staff to show in the report the levels wages by percent of the participants.

ACTION: Ms. Murphy moved and Mr. Brown seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0 (Mr. Rankin absent during the vote).

Mother Lode Truck Driving School

Mr. Rufo presented a One-Step Agreement for Mother Lode Truck Driving School in the amount of \$159,600 to train 50 new hires. Trainees will receive 200 class/lab hours of training in Class A truck driving skills.

Mr. Rufo introduced Melvin Leandro, Owner and Director. Mr. Leandro stated he pays his drivers by a percentage of the load, averaging \$150-\$250 per day. His company does not have any turnover rate. Ms. Kwalwasser asked what is the retention rate on the placement of his students. Mr. Leandro replied all the students he has placed in the past three years are still employed.

ACTION: Ms. Murphy moved and Mr. Brown seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0 (Mr. Hodess absent during the vote).

American Truck School, LLC – Revisited

Ms. Kwalwasser recalled Mr. Smith of American Truck School, LLC, continued earlier due to insufficient information on wages. Mr. Smith stated the average starting wage, after completing the 90-day retention, is \$13.46 to \$14.42 per hour.

Mr. Rankin restated the original motion was to approve the proposal at an \$11 per hour rate. Mr. Smith stated he wanted to keep the entry-level wage rate low to keep with the local wage range. Mr. Rankin stated he would not vote for the proposal with a wage rate lower than \$11. Mr. Smith agreed to \$11 per hour. However, Mr. Smith then noted that the fair wage would be \$8.66 per hour because that is the wage approved for another truck driving school contractor.

ACTION: Mr. Brown moved and Mr. Lennox seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 6 – 0.

Ms. Kwalwasser turned the gavel over to Mr. Hodess as she had recused herself from any discussion or action on any Kraft Foods proposal. Mr. DeMauro had recused himself from any review or discussion on any Kraft Foods proposal. He stated the following group of proposals is from companies located in high unemployment areas, and the Unemployment Insurance Code Section 10214.5 allows for a waiver to the ETP minimum wage requirement.

Kraft Foods, Incorporated, Fresno (High Unemployment Area)

Mr. Rufo presented an Amendment for Kraft Foods, Incorporated, Fresno, in the amount of \$23,200 to add 25 retrainees to its existing training Agreement. These 25 trainees are employed as production workers and lack the required skills to be promoted. They will receive 32 class/lab hours and 64 SOST hours of Continuous Improvement Skills focusing on equipment operations, production processes, and computer skills. This Amendment targets workers in Fresno County, which has an unemployment rate of 13.4 percent, exceeding the State average by more than 50 percent. The Company is requesting that the Panel consider a waiver to the ETP minimum hourly wage requirement.

Mr. Rufo introduced Barry Haberman, Plant Manager, and Charles Jones, Human Resources Manager.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0 – 1 (Ms. Kwalwasser abstained from discussion and vote).

Pacific Southwest Container, Incorporated

Mr. Rufo presented a One-Step Agreement for Pacific Southwest Container, Incorporated, to retrain 300 employees in Manufacturing Skills, Continuous Improvement, and Computer Skills for \$180,000. The project was referred to ETP by the California Manufacturers and Technology Association (CMTA). Pacific Southwest Container provides customized packaging and corrugated sheet conversion packaging. Pacific Southwest Container estimates training and training-related costs not covered by ETP funds to be approximately \$150,000 and wages paid during training to be approximately \$324,000. This Agreement will affect workers in Stanislaus County, which has an unemployment rate of 9.6 percent exceeding the statewide average rate by more than 50 percent. Pacific Southwest Container is requesting a waiver of the ETP minimum wage requirement. The post-retention wage for each First Assistant, Floorworker, Utility Assistant, and Second Assistant, who has completed training and the 90-day retention period, will be at least 5 percent more than the trainee's wage before and during training.

Mr. Rufo introduced Scott Ellis, Director of Training & Development, and Matt Maynard from CMTA.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0 (Ms. Kwalwasser absent during vote).

Ruiz Food Products, Incorporated

Mr. Rufo presented a One-Step Agreement for Ruiz Food Products, Incorporated, referred to ETP by the Trade and Commerce Agency, to retrain 194 employees in Business Skills, Continuous Improvement, Computer Skills, and Literacy Skills for \$244,158. Ruiz Food Products manufactures frozen Mexican foods. In order to remain competitive, employees must be trained in order to increase sales and produce a quality product efficiently. Frontline workers must learn to identify and solve problems, define and map processes, and operate and troubleshoot equipment properly. Production and administrative staff must communicate effectively and be more responsive to changing customer demands. This Agreement will affect workers in Tulare County, which has an unemployment rate exceeding the State average rate by at least 50 percent. Therefore, the Contractor requests that the Panel waive the ETP minimum hourly wage requirement.

Mr. Rufo introduced Ray Lacasse, Director of Human Resources, and Carla De-Almeida, Training & Development Manager.

ACTION: Mr. Brown moved and Mr. Lennox seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 5 – 0 (Ms. Kwalwasser absent during vote).

NCP Nursing Assistant Training of Stockton (High Unemployment Area)

Mr. Rufo presented an Amendment for NCP Nursing Assistant Training of Stockton, a high unemployment area, to add 27 new hires to train as Certified Nursing Assistants (CNA) for an additional \$103,410. NCP expects to incur additional costs of approximately \$29,500 for additional training time not covered by ETP funds.

Mr. Rufo introduced Elfren Quial, Administrator. Mr. Rankin questioned the purpose of an employer offering a “signing bonus” to their employees when the pay rate is very low. Mr. Quial explained that the “signing bonus” is not paid up-front. He stated the “signing bonus” is an incentive from employers to retain their employees. The “bonus” is paid after the employee has been with the company for a certain period of time. Ms. Murphy stated the issues of wages, demand, and in-kind contributions in the convalescent hospital industry are very similar to those in the trucking industry and the Panel needs to review these industries for future consideration.

ACTION: Mr. Brown moved and Mr. Lennox seconded the Panel approve the Amendment.

Motion carried, 5 – 0 (Ms. Kwalwasser absent during vote).

Mr. DeMauro and Ms. Carrillo stated staff would bring information and recommendations on employer contributions to the Panel at the April meeting.

Hacienda La Puente Unified School District

Mr. Tagami presented an Amendment for Hacienda La Puente Unified School District to add 160 retrainees to be trained in computer skills in the amount of \$121,850. The Contractor works closely with each potential participating company to assess and tailor the curriculum to meet specific training needs. The Contractor's representative stated an additional estimated \$6,000 would be paid for training-related expenses, such as supplies, not covered by ETP funds.

Mr. Tagami introduced Abby Khan, Contract Program Facilitator.

ACTION: Mr. Brown moved and Mr. Lennox seconded the Panel approve the proposed Amendment.

Motion carried, 6 – 0.

Granite Construction, Incorporated (SET)

Mr. Chan presented an Amendment for Granite Construction, Incorporated, in the amount of \$68,640. Granite Construction's initial request was for 560 class/lab hours. The Panel approved an initial funding level of 200 training hours. Based on the successful completion of the 200 hours, consistent with Panel policy, the Company is now requesting funding for the remaining 360 training hours. Mr. Chan reported that 100 percent of the trainees have completed the original training hours.

Mr. Chan introduced Michael Thomas, Vice President and Director of Human Resources. Mr. Rankin questioned the high cost of training of \$7,280 per retrainee. Mr. Thomas explained the high cost is due to the additional number of hours that are required to properly retrain engineers who have been mainly working out in the field.

ACTION: Ms. Murphy moved and Mr. Brown seconded the Panel approve the Amendment.

Motion carried, 6 – 0.

Solano & Napa Counties Electrical JATC (SET)

Mr. Rufo presented an Amendment for Solano & Napa Counties Electrical JATC to add 60 trainees for an additional \$137,347. The Solano & Napa Counties Electrical JATC is actively involved in providing training to journey-level electricians to prepare them for recently legislated certification of electricians. There are no apprentices participating in the ETP training. The JATC is experiencing an increased demand for journey-level electricians due to the growing number of manufacturing firms migrating to the area.

Mr. Rufo introduced Mike Jones, Training Director, and Pete Halver, Assistant Manager from National Electrical Contractors Association.

ACTION: Mr. Rankin moved and Mr. Lennox seconded the Panel approve the Amendment.

Motion carried, 6 – 0.

Practical Data Processing, Incorporated (Welfare to Work)

Mr. Tagami presented an Amendment for Practical Data Processing (PDP), Incorporated, in the amount of \$239,375 to add 50 new hire trainees who are unemployment insurance recipients and 25 welfare recipient retrainees. With this Amendment, the computer skills provided by this training will prepare the trainees to work in virtually any kind of office environment.

Mr. Tagami introduced Nancy Ho, Program Director, and Sal Saenz, Employment Development Manager. Mr. Rankin questioned the amount of 50 trainees being added and there are only 39 job openings listed. Ms. Ho explained there are many other employers who come to PDP looking to hire trained individuals. Mr. Rankin voiced his concern on customized training when there are no employers to customize for. Ms. Ho explained the PCP provides specialized computerized business accounting training for an industry in which many employers have a need for that particular software application. She stated this is not generic software; it is designed for a specific occupation. Ms. Carrillo explained in multiple employer contracts the applicant is asked to submit the core group of employers and employers are added throughout the term of the contract and the curriculum adjusted if necessary.

ACTION: Mr. Rankin moved and Mr. Brown seconded the Panel approve the Amendment as proposed.

Motion carried, 6 – 0.

Lockheed Martin IMS (Welfare to Work)

Mr. DeMauro announced the One-Step Agreement for Lockheed Martin IMS has been withdrawn from consideration at this month's Panel meeting.

Oxman College (Welfare to Work)

Mr. Rufo presented a One-Step Agreement for Oxman College in the amount of \$595,800 to retrain 100 welfare-to-work employees in customized business skills. This training program is designed to provide 700 hours of Structured, On-Site Training per trainee during work hours at the participating employers' premises.

Mr. Rufo introduced Terry Edwards, Executive Director. Mr. Edwards explained the low retention rate on the previous contract was due to employees voluntarily leaving their current employer and being hired by another employer within the industry. He explained those trainees receiving the lower wage of \$8 per hour are more than likely still receiving some portion of welfare assistance. These jobs are entry-level transitional jobs going from welfare into the labor market. He stated with the in-depth customized training, each trainee can learn specific skills needed to retain their job and advance to better paying jobs.

ACTION: Mr. Rankin moved and Ms. Murphy seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 6 – 0.

Ms. Kwalwasser recognized Pat Williams, former Panel Member. Mr. Rankin moved, Mr. Brown seconded, and the Panel unanimously approved to publicly thank the former Panel Members and Executive Director for their excellent service.

XVII. CONSENT CALENDAR -- AGREEMENTS/AMENDMENTS USUALLY APPROVED BY THE EXECUTIVE DIRECTOR

Milbank Manufacturing Company
Community Enhancement Services (Welfare to Work)
Air Monitor Corporation
Biltmore Hotel and Suites
Harris Moran Seed Company
Petaluma Poultry Processors, Incorporated
System Studies, Incorporated
San Luis Obispo JATC (SET)
Door Components
Z Microsystems, Incorporated
CMB Industries, Incorporated
San Joaquin & Calaveras Counties Electrical JATC (SET)
Simple Pleasure Salon & Spa (Welfare to Work)

ACTION: Mr. Rankin moved to have the Agreements and Amendments that are usually approved by the Executive Director be approved by the Panel with the exception of Biltmore Hotel & Suites, and Simple Pleasure Salon & Spa. Mr. Brown seconded the motion.

Motion carried, 6 – 0.

Biltmore Hotel and Suites

Mr. Rankin was concerned with including tips as wages. Mr. Chan explained tips are allowable in the ETP Policy, which states that cash tips of \$20 or more in a calendar

month reported as earnings by an employee on written statements furnished to the employer are considered to be wages and may be used to supplement the employees regular wage for the purpose of meeting ETP's minimum wage requirements.

Mr. Rankin would like to see the Policy issue on tips being supplemented to the wage rate be revisited by the Panel at a future date.

ACTION: Mr. Rankin moved and Mr. Hodess seconded the Panel approve the One-Step Agreement as proposed.

Motion carried, 6 – 0.

Simple Pleasure Salon & Spa

Mr. Rankin was concerned about the cost of \$4,754 per trainee to retrain employees who are only making \$7.00 per hour. Since there was no Contractor or representative present to answer any questions, the Panel requested the One-Step Agreement for Simple Pleasure Salon & Spa be brought back to the Panel for consideration at the April Panel meeting in Sacramento.

XVIII. PUBLIC COMMENT

There were no members of the public who wished to comment.

XIX. EXECUTIVE SESSION

There was no Executive Session.

XX. ADJOURN

It was moved by Mr. Brown and seconded by Mr. Lennox today's Panel meeting be adjourned. There being no further business and no objection, the meeting was adjourned at 5:00 p.m.